

# City of Wylie

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Council Meeting  
January 27, 2015



# Overview

- Introduction
- Audit Process
- Required Communications
- Audit Results
- Areas of Strength and Accomplishment
- Financial Highlights
- New Accounting Pronouncements
- Questions

A large, modern, circular conference table with several laptops and chairs around it, set against a light gray background. The table is white with a central circular cutout. There are eight chairs around the table, each with a laptop on it. The chairs are black with silver bases. The laptops are silver. The background is a light gray gradient.

# Introductions

Weaver**Views**

# The Firm of Texas



Weaver is the largest independent accounting firm in Texas and the Southwest. We are consistently named a top firm in the state and nationally.

**#4** Largest **Tarrant County** Accounting Firms | *Fort Worth Business Press*

**#8** Largest **North Texas** Accounting Firms | *Dallas Business Journal*

**#7** Largest **Austin** Accounting Firms | *Austin Business Journal*

**#14** Largest **Houston-Area** Public Accounting Firms | *Houston Business Journal*

**#5** Largest **San Antonio** Accounting Firms | *San Antonio Business Journal*

2014 **Top 50** Firms | *INSIDE Public Accounting*

2014 **BEST of the BEST** Firm | *INSIDE Public Accounting*



**7** Texas  
Offices

**500+**  
Employees

**65+**  
Partners

We know your questions don't end when the audit does, so the team leadership remains available to you throughout the year.

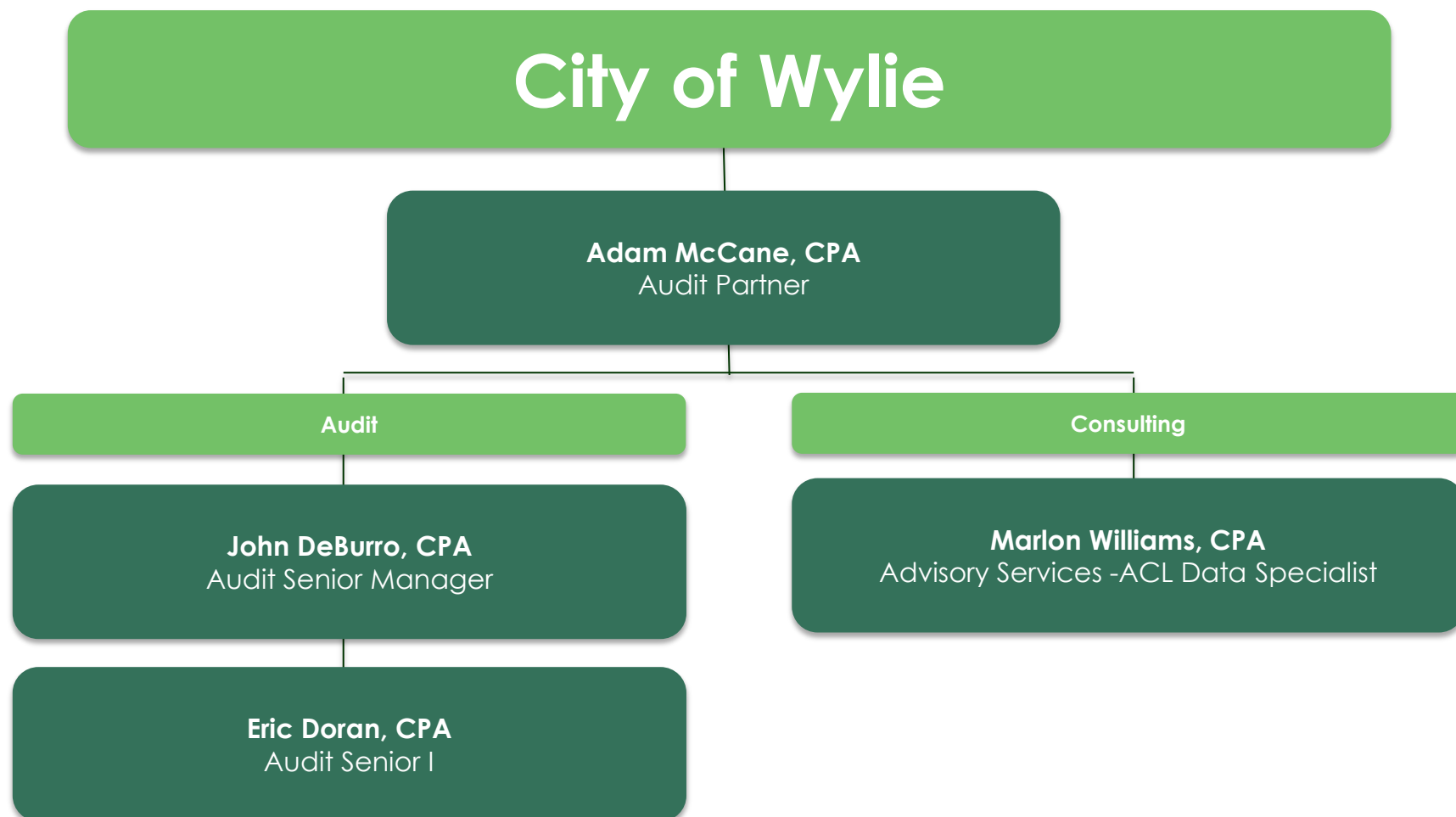
**Adam McCane**

Partner, Assurance Services

**John DeBurro**

Senior Manager, Assurance Services

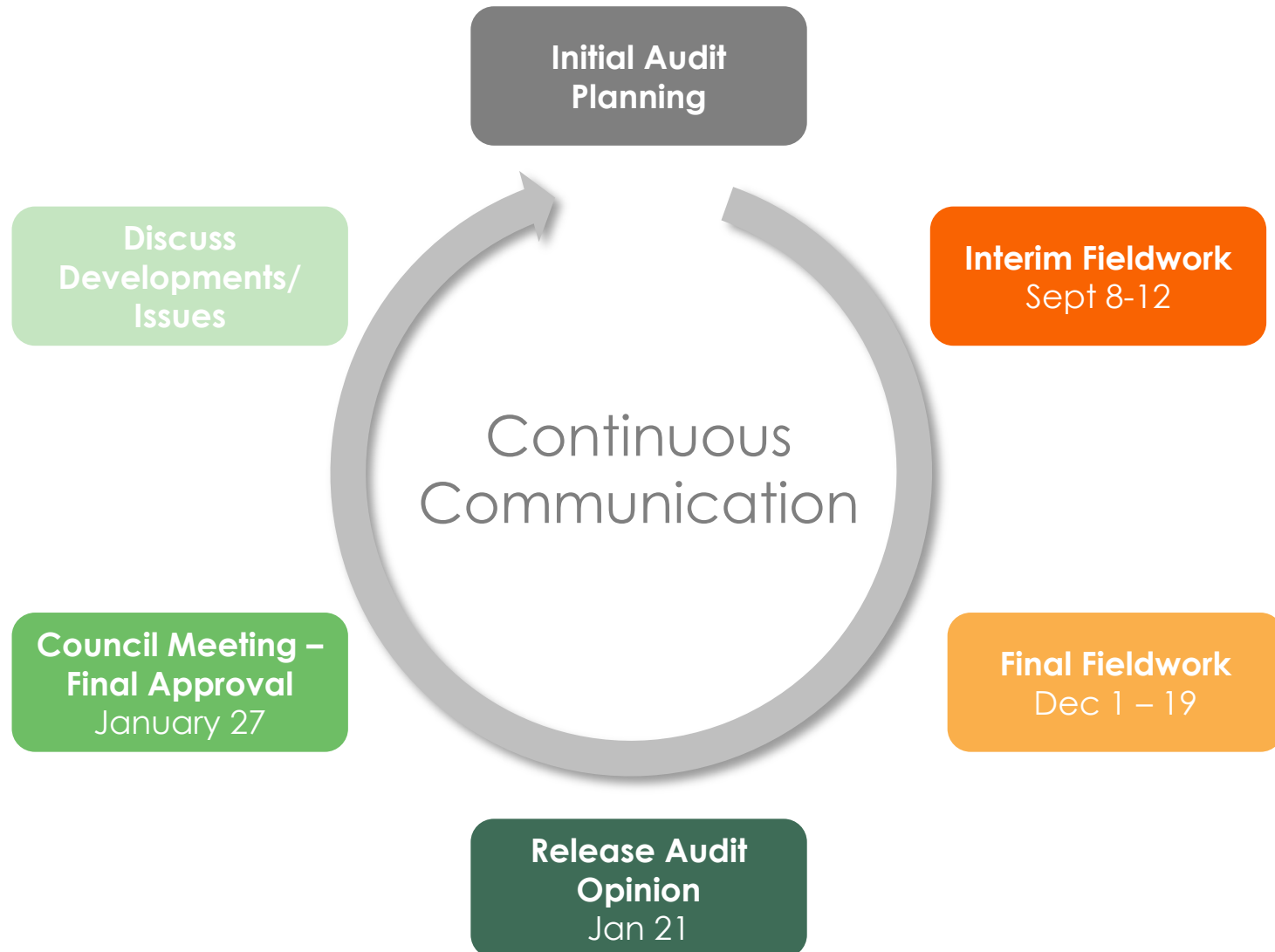
# Engagement Team



# Audit Process



# Engagement Timeline





**weaver**  
Assurance • Tax • Advisory

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- A word cloud centered around the word "AUDITING". The word "AUDITING" is the largest and most prominent. Other large words include "STANDARDS", "ACCEPTED", "GENERALLY", "RELATIONSHIP", "ANALYSIS", "DISCLOSURES", "TIMING", "PERFORMANCE", "ORGANIZATIONS", "ACCOUNTING", "INDEPENDENCE", "SETS", "FLOW", "TERRITORY", "PERFORM", "STATEMENTS", "STANDARDS", "CONSISTENTLY", "PRESENTED", "TECHNICAL", "AUDIT", "DEGREE", "REPORT", "PRECEDING", "EXPRESS", "JUDGED", "IDENTIFY", "FINANCIAL", "DETERMINES", "FRAUD", "LETTERS", "SUPERVISE", "INFORMATIVE", "RESPONSIBILITY", "PREPARATION", "SUFFICIENT", "MISLEADING", "JURISDICTIONS", "COERCION", "ASSESS", "QUALIFICATION", "OBTAIN", "ADEQUATELY", "CIRCUMSTANCES", "STATEMENT", "PARTICLES", "INTERNAL", "EXTENT", "ASSISTANTS", "REASONABLE", "OPINION", "DEVELOPED", "APPEARANCE", "RETAINED", "LIBRARY", "EARNINGS".

## Interim fieldwork and risk assessment were performed in September 2014. Procedures included:

- Walkthrough of accounting controls over significant transaction cycles:
  - Budget and financial closing
  - Cash receipts – taxes, municipal court, permits, utility billing
  - Purchasing and Accounts Payable
  - Payroll
- Test of internal controls:
  - Payroll
  - Cash disbursements
- Test of compliance
  - PFIA
  - Bidding procedures

## Final fieldwork- performed in December 2014.

### Procedures included:

- Testing of significant accounting balances using a combination of vouching of material transactions, sampling transactions and applying analytical procedures.
- Assisting with the preparation of the CAFR.



# Auditor Communications

for the year ended September 30, 2014

Weaver**Views**

# Required Communications to Those in Charge of Governance

Communication	Results
<p>Auditor's responsibility under generally accepted auditing standards (GAAS)</p>	<p>The financial statements are the responsibility of the City. Our audit was designed in accordance with GAAS in the U.S. and provide for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented , in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>The audit of the fiscal year 2014 financial statements has been completed and have issued an unmodified opinion.</p>

# Required Communications to Those in Charge of Governance

Communication	Results
<p>Auditor's Responsibility under Government Auditing Standards</p>	<p>In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our reports do not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issue a written reports on the results of these procedures; however, our report does not express an opinion on compliance.</p> <p>No findings noted.</p>

# Required Communications to Those in Charge of Governance

Communication	Results
Unusual transactions and the adoption of new accounting principles	<p>The significant accounting policies used by the City are described in Note 1 to the basic financial statements.</p> <p>New GASB pronouncements implemented in 2014 included GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”. As a result, bond issuance costs are no longer reported as assets in the statement of net position, requiring reductions of beginning net position of \$617,742 and \$185,120 in the governmental and business-type activities, respectively, to reflect the cumulative effect of the change in accounting principle. In addition, unamortized deferred loss on refunding is now reported as a deferred outflow of resources rather than as a liability.</p> <p>We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.</p>

# Required Communications to Those in Charge of Governance

Communication	Results
Fraud and illegal acts	No fraud, irregularities, or illegal acts were noted.
Material weakness in internal control	No material weaknesses noted.
Other information contained in documents containing audited financial statements	We provided an “in relation to opinion” on supplementary information accompanying the financial statements. We performed limited procedures on the MD&A and RSI. We did not provide any assurance on this information.
Management judgments and accounting estimates	Management’s estimates of allowances for uncollectible receivables and estimated useful lives for capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

# Required Communications to Those in Charge of Governance

Communication	Results
Difficulties encountered	We encountered no significant difficulties.
Management representations	We requested certain representations from management that were included in the management representation letter.
Management consultations	We are not aware of management consulting with other accountants for a second opinion.
Auditor independence	No independence issues noted.

# Required Communications to Those in Charge of Governance

Communication	Results
Audit adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no significant audit adjustments to report.</p> <p>In addition, management has determined that the effects of the uncorrected misstatement listed on page 19 are immaterial, both individually, and in the aggregate to the financial statements taken as a whole.</p>
Other material written communications between Weaver and Tidwell, L.L.P., and the City.	Nothing to note

# Required Communications to Those in Charge of Governance

Passed adjusting journal entries:

Account	Description	Debit	Credit
<b>Proposed JE# 3001</b>			
To accrue a liability for Sept 2014 sales tax reimbursement paid after year end			
100-3000-34590	FUND BALANCE-UNRESERV/UNDESIG	95,559.00	
111-3000-34590	FUND BALANCE-UNRESERV/UNDESIG	47,780.00	
100-2000-20210	ACCOUNTS PAYABLE		95,559.00
111-2000-20210	ACCOUNTS PAYABLE		47,780.00
<b>Total</b>		<b>143,339.00</b>	<b>143,339.00</b>

The background of the slide is a blurred, high-angle photograph of a desk. A pencil is visible in the lower-left quadrant, resting on a stack of papers. The papers have some faint, illegible markings. The overall color palette is warm, with a prominent orange band across the top.

# Auditor Results

# Audit Results

- We have issued the Independent Auditor's Report on the City's financial statements
  - Unmodified opinion
- We have issued the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
  - No findings noted



# Areas of Strength and Accomplishments

- Management knowledgeable in municipal finance
- Full cooperation of Finance staff
- No material weaknesses in internal controls



# Financial Highlights

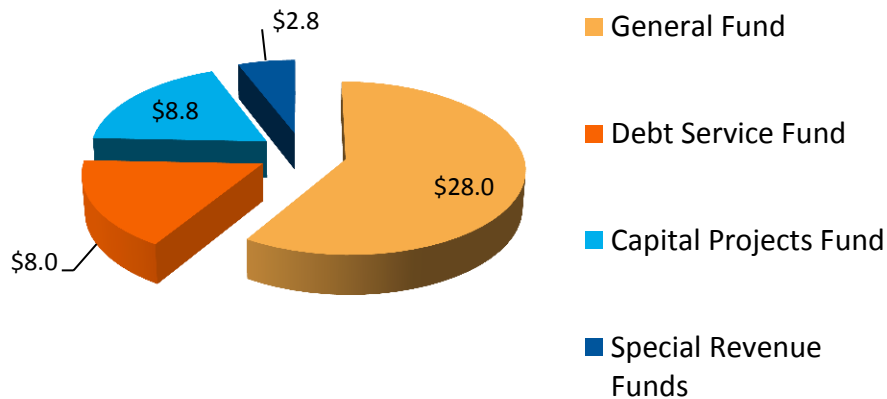


Weaver**Views**

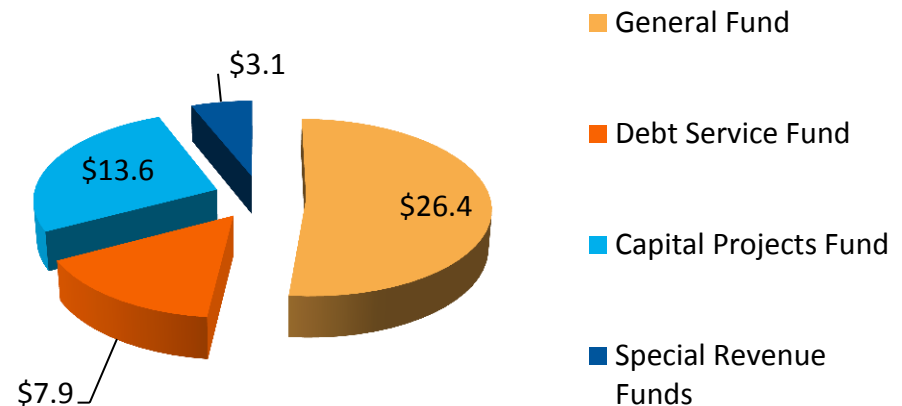
# Financial Highlights

## Comparison of Governmental Funds Expenditures by Fund (in millions of dollars)

**FY 2014**



**FY 2013**

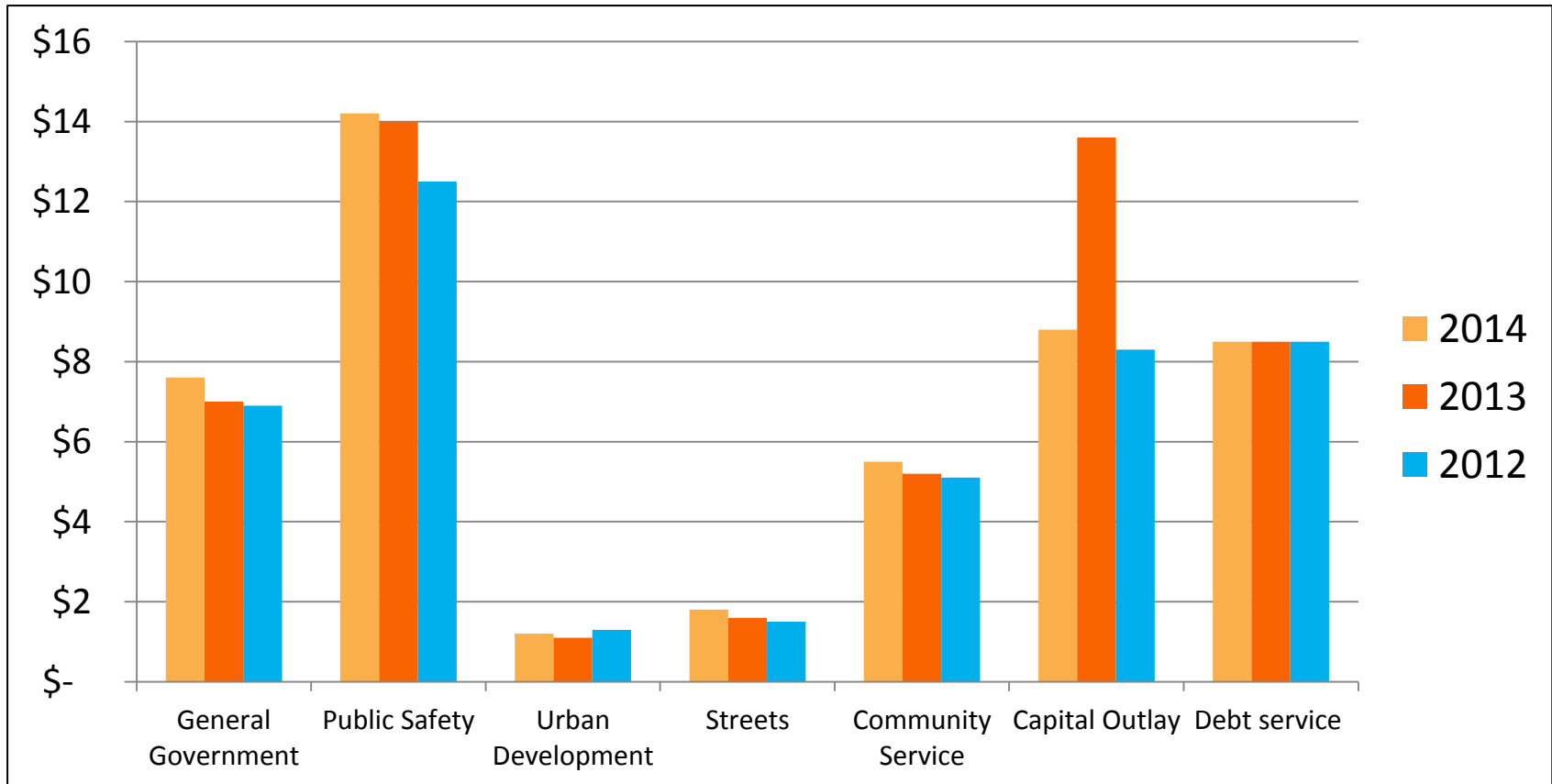


**Governmental Funds Expenditures for FY 2014 totaled \$47.6 million, a \$3.4 million or 6.7% decrease.**

- The overall decrease in governmental expenditures is primarily attributable to capital outlay expenditures decreasing \$4.8 million, the result of more construction activity taking place in the prior year.

# Financial Highlights

## Comparison of General Fund Expenditures \*



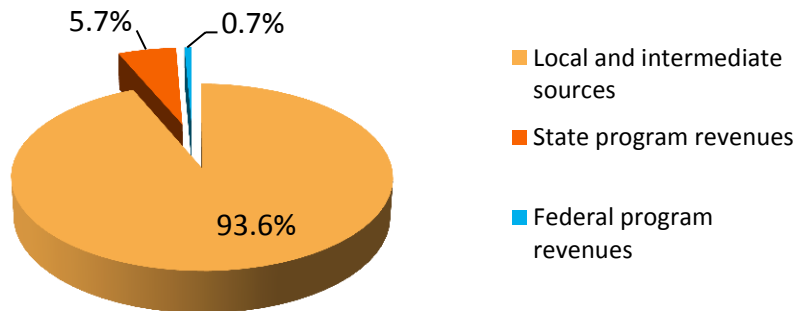
\*(3-year comparison - in millions)

# Financial Highlights

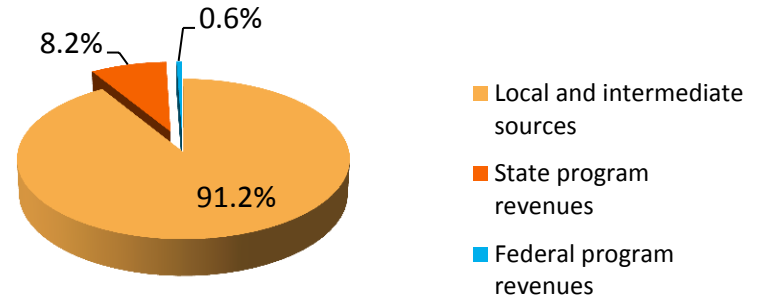
## Comparison of Governmental Revenues by Source

Governmental Revenues for FY 2014 totaled \$41.3 million, a \$3.1 million or 8.1% increase. Increase is primarily attributable to current year increases in property taxes (\$1.3m); licenses and permits (\$0.6); and intergovernmental revenues (\$0.6m).

**FY 2014 Revenues**

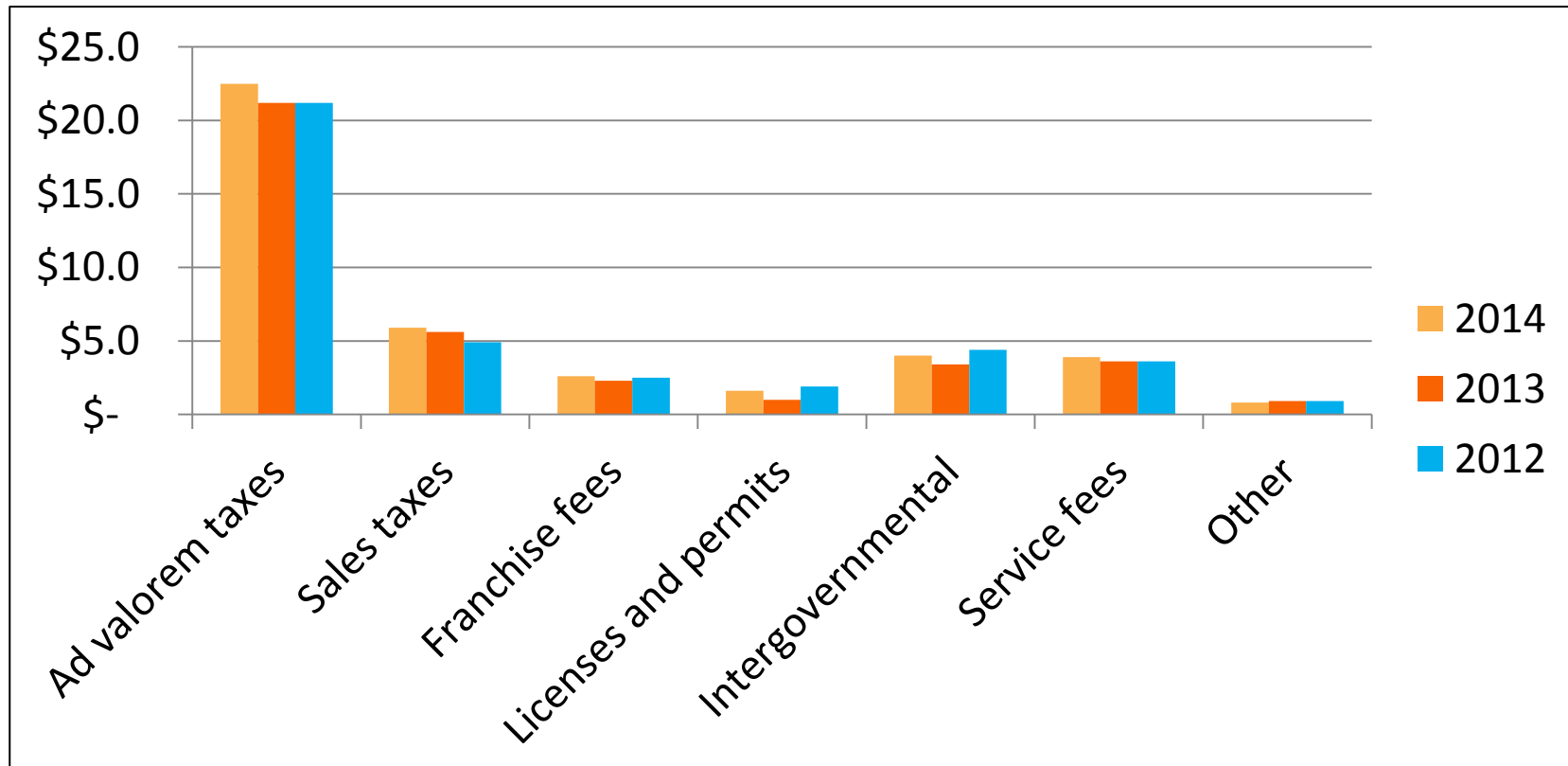


**FY 2013 Revenues**



# Financial Highlights

## Comparison of General Fund Revenues by Source



(3-year comparison in millions)

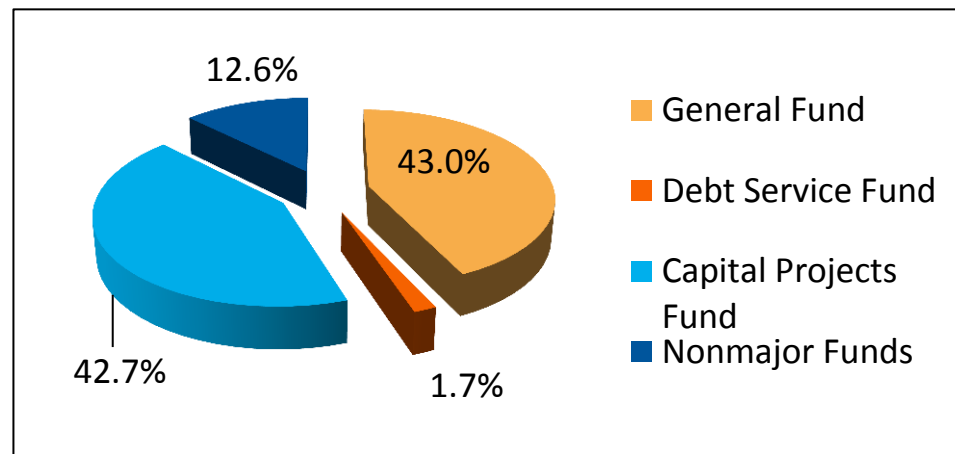
# Financial Highlights

## Fund Balances

### Governmental Funds' Fund Balances

As of September 30, 2014, the City's governmental funds reported a combined ending fund balance of \$28.6 million as follows:

• General Fund	\$12,293,430
• Debt Service	468,525
• Capital Projects	12,160,327
• Other Funds	<u>3,629,999</u>
	\$28,552,281



Governmental Funds' fund balance decreased by \$4.5 million, primarily due to the spending in the Capital Projects Fund. General Fund unassigned fund balance (\$11,737,159) represents 42% of General Fund expenditures.

# Financial Highlights

## Budgetary Highlights – General Fund

The City had a favorable budget variance of \$1.9 million net change in fund balance:

- Actual revenues were 0.5 million more than budget.
- Actual expenditures were below budget by \$1.3 million.

# Standards Required to be Implemented in FY2015

## Effective for the year ended September 30, 2015

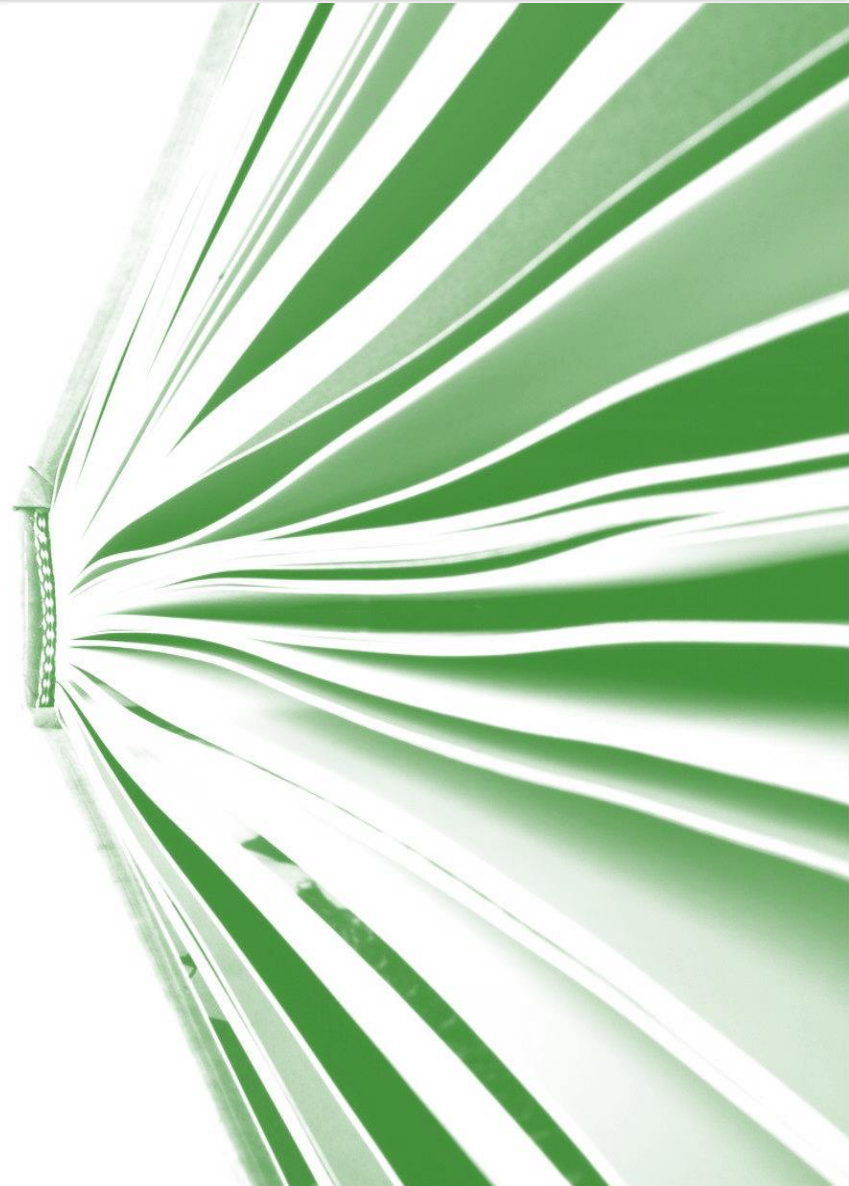
### **GASB 68 – Accounting and Financial Reporting for Pensions**

- **Objective:** to improve financial reporting by state and local governmental pension plans
- **Effect:** GASB 68 will require the recognition of net pension liabilities of employers in financial statements prepared on the accrual basis.

### **GASB 71 – Pension Transition for Contributions made Subsequent to the Measurement Date-an Amendment to GASB 68**

- **Objective:** to address an issue regarding application of the transition provisions of GASB 68. The statement requires that when transitioning to the new pension standards, the entity recognize a beginning deferred outflow of resources for the pension contributions made during the time between the measurement date of the beginning net pension liability and the beginning of the initial fiscal year of implementation.
- **Effect:** GASB 68 will require the City recognize the beginning deferred outflow concurrent with the recognition of the net pension liabilities

We appreciate the  
opportunity to work with  
**City of Wylie**  
and look forward to our  
continued relationship.



A black and white photograph of a classroom where several students are raising their hands. A green semi-transparent banner is overlaid across the top half of the image.

# Questions?

## Contact Us

**Adam McCane, CPA | Engagement Partner**  
**817.882.7768 | [adam.mccane@weaver.com](mailto:adam.mccane@weaver.com)**

**John DeBurro, CPA | Senior Manager**  
**972.448.6970 | [john.deburro@weaver.com](mailto:john.deburro@weaver.com)**